

STATE OF RHODE ISLAND  
DEPARTMENT OF BUSINESS REGULATION  
JOHN O. PASTORE CENTER, BLDG 68-1  
1511 PONTIAC AVENUE  
CRANSTON, RHODE ISLAND 02920

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IN THE MATTER OF

DOUGLAS AVENUE, LLC,  
D'AGOSTINO'S AUTO SALES &  
SALVAGE, INC., AND ELIAS AYOUB

DBR No. 21AS001

RESPONDENTS.

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CONSENT AGREEMENT

The Department of Business Regulation, (DBR), Douglas Avenue LLC (“Douglas LLC”), D’Agostino’s Auto Sales & Salvage, Inc. (“D’Agostino’s Inc.”) and Elias Ayoub (collectively then “Respondents”) hereby consent and agree that:

1. This matter pertains to two DBR-issued Licenses for businesses operated at 1174 Douglas Avenue in North Providence (the “Premises”): (a) Auto Body – Motor Vehicle Body Class B License (“Body Repair” License); and (b) Auto Wrecking & Salvage Yard License (“Salvage Yard” License) (collectively, the “Licensed Auto Businesses”).
2. These licenses are respectively subject to the following laws under DBR’s jurisdiction: R.I. Gen. Laws § 5-38-1 et seq. and 230-RICR-30-05-2 (“Body Repair Rules”) (collectively, “Body Repair Laws”); and § 42-14.2-1 et seq. and 230-RICR-30-05-5 (“Salvage Yard Rules”) (collectively, “Salvage Yard Laws”).
3. After becoming aware of a Federal Grand Jury Indictment in the District of Rhode Island (Case #1:21-cr-00015-WES-LDA) relating to the trade of motor vehicles by a Mr. Carlo Fakhri, DBR initiated an Inquiry on the Licensed Auto Businesses on April 27, 2021,<sup>1</sup> because Mr. Fakhri was listed as an owner/operator associated with the Licenses in the DBR License File (defined below) and through the business website of the Rhode Island Office of Secretary of State (“SOS Records”).
4. In response to the Inquiry, counsel for the Licensed Auto Businesses contacted DBR, and

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<sup>1</sup> The DBR Inquiry was initiated under Salvage Yard Rule 5.6(A)(4) and Body Repair Rule 2.13 (disciplinary action may be warranted “if an employee or manager or owner of an Applicant or Licensee...has been convicted of any criminal felony involving dishonesty, breach of trust, forgery, embezzlement, obtaining money under false pretenses, bribery, larceny, extortion, conspiracy to defraud, fraud, false dealing or any similar offense(s)).

subsequently; informed DBR that Mr. Fakhri resigned from any role in the Licensed Auto Businesses and provided written support of the same; represented that the Licensed Auto Businesses were in the process of removing Mr. Fakhri from the relevant licensing, corporate, banking, and other records.

5. For purposes of this Agreement, the “DBR License File” refers to the applications submitted by the Respondents for initial and renewal applications (“Submitted Applications”) and other supplemental material required or requested to be submitted.<sup>2</sup> Through discussions of this matter and as documented herein, the Respondents have made the following corrections to the DBR License File to rectify certain discrepancies in the record.
  - A. Douglas Avenue, LLC will hold the Body Repair License.
  - B. D’Agostino’s Auto Sales and Salvage, Inc. will hold the Salvage Yard License.
  - C. The exact Premises is 1174-R Douglas Ave (lot/plat 6-457). The location of the activities permitted under each of the separate Licensed Auto Businesses shall be marked in exhibits submitted to DBR.
  - D. The only person with ownership or managerial control over the Licensed Auto Businesses will be Mr. Ayoub.
  - E. The current employees of Douglas Avenue, LLC (holding the Body Repair License) who engage in auto body repair activity have been reported to be: Damien Yeremian, Jean Howauyeck. The current employees of D’Agostino’s Auto Sales and Salvage, Inc. (holding the Salvage Yard License) who engage in auto salvage and wrecking activity have been reported to be: Jean Howauyeck, Frank Dipalma, Kenneth Wentworth.
6. Respondents made certain representations to DBR in the course of the Inquiry, including the following statements by Mr. Ayoub.
  - A. The two Licensed Auto Businesses are operated as separate businesses.
  - B. Mr. Ayoub’s primary business is running a used car sales and mechanic shop in the name of Eli Tire Sales, Inc. (fictitious name of “Leo Tire Sales, Inc.”) at 1791 Elmwood Avenue, Warwick, Rhode Island (the “Non-Licensed Warwick Business”). Mr. Ayoub represented that the Non-Licensed Warwick business is compliant with the applicable laws outside of DBR’s jurisdiction. Part of the Body Repair business at the Subject Premises consists of “fixing up” used vehicles destined for re-sale at the Non-Licensed Warwick business.
  - C. Mr. Ayoub also utilizes the Body Repair License for work not necessarily associated with the Non-Licensed Warwick Business such as a minimal amount of collision-damaged repairs covered by insurance (he estimated about one vehicle per week).
  - D. Mr. Fakhri was primarily involved in the Salvage Yard component of the business.
  - E. Mr. Ayoub represented that he was not intentionally or knowingly involved in criminal activity underlying the Federal Indictment and that he himself has not been arrested or charged in relation thereto.
  - F. The Salvage Yard business is no longer accepting any new vehicles. There are approximately 100 salvage vehicles on the Premises.

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<sup>2</sup> This includes the Body Repair Renewal submitted on 6/22/21, the Salvage Yard Renewal submitted on 5/1/2018 and, for the prior term, on 5/01/2018.

- G. Mr. Ayoub's intent is to sell the businesses on the Premises, or at least the portion of the business associated with the Salvage Yard License; and to clear the Salvage Yard inventory.
7. By failing to correct the discrepancies in the DBR License File prior to initiation of the Inquiry, the Respondents failed to submit accurate and complete information to DBR as its licensing and regulatory oversight agency, an important duty of all licensees. More specifically, DBR is concerned with the pattern of the above-described discrepancies. Further, it does not appear that Mr. Ayoub has not provided the proper disclosures in response to the question "Do you have any outstanding issues or violations with the Department of Environmental Management."

### COMPLIANCE TERMS

8. **Disassociation of Mr. Fakhri.** This paragraph is based on the Respondents' representations above, made pursuant to the Respondents' duty to provide accurate information regarding owners and managers of the Licensee. Respondents shall not allow Mr. Fakhri to: obtain any ownership interest in the Licensed Auto Businesses; serve as an officer, director, employee, or independent contractor thereof; or otherwise participate in the operations thereof in any manner. The Respondents are prohibited from any attempts to circumvent this limitation, which limitation shall be construed broadly including application to any transferee or affiliated business licensed by DBR. Respondents are prohibited from paying and shall not allow Mr. Fakhri to receive any income or compensation that relate to the profit of the Licensed Auto Businesses.<sup>3</sup>
9. **Administrative Suspension.** The Licensed Auto Businesses shall be placed on an Administrative Suspension until the completion of the "Conditions for Lifting Administrative Suspension" (defined below).
- A. During the period of the Administrative Suspension, no activity which requires a Body Repair License or Salvage Yard License shall be conducted on the Premises other than the Permitted Wind-Up Activity.
- B. Permitted Wind-Up Activity is defined as follows: The Respondents are permitted to engage in the removal of motor vehicles and parts from the Premises that were accrued in the lawful operation of the Auto Salvage License only if the Respondents first confirm with a Rhode Island licensed attorney that this is legally permissible under this Consent Agreement, the Salvage Yard Laws and any other applicable laws, including with respect to Mr. Fakhri's case and/or any environmental issues.
- C. Monthly Progress Reports. Respondents shall submit progress reports on the first day of every month on forms prescribed by DBR to document the progress of the Permitted Wind-Up Activity.

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<sup>3</sup> Respondents disclosed that the Premises property (1174-R Douglas Ave) and the adjacent residential property (1174 Douglas Ave) are jointly owned by Mr. Ayoub and Mr. Fakhri; and further that Mr. Fakhri is being paid a reasonable portion of the fair market rent. In light of Respondents' counsel's expressed concern regarding Mr. Ayoub's contractual liability to Mr. Fakhri, DBR accepts the disclosure; provided, the rent is a monthly fair market value amount set before the Indictment that is NOT whatsoever based upon or otherwise connected to the profits or operations of the Licensed Businesses.

10. **Conditions for Lifting Administrative Suspension.** All of the following conditions must be completed to the satisfaction of DBR before the Administrative Suspension may be lifted.

- A. Within thirty (30) days of the signing of this Agreement, the Respondents must submit a criminal background check for every owner and employee, both from the State of Rhode Island, and if the person resides in another state, also from the state of residence.<sup>4</sup>
- B. The Respondents must submit updated SOS Records with respect to the DBR-licensed business entities.
- C. The Respondents must submit a copy of the following documents from the City of North Providence:<sup>5</sup>
  - i. A letter from the local fire department or the state fire marshal regarding compliance with fire safety laws.
  - ii. A letter from the municipal zoning department regarding compliance with zoning laws.
  - iii. As stated in the application instructions, you must submit a “Second Hand Dealers License obtained under the licensing ordinances enacted pursuant to the provisions of Rhode Island General Law § 5-21 et seq., from the city/town where your Wrecking/Salvage Yard is located.”
- D. The Respondents must review the Submitted Applications and provide a sworn affidavit that the answers are true and accurate. To the extent any renewal application requires further supplemental information, the Respondents must provide such documentation.
- E. The bond required by Salvage Yard Rules Section 5.5(A)(2) must be written for the exact entity that is the holder of the Salvage Yard License. The insurance required under Body Repair Rules Section 1.4(C) must be written for the exact entity that is the holder of the Body Repair License.
- F. The Respondents must pass (i) a Premises Inspection conducted by a DBR representative to ascertain compliance with the Salvage Yard and Body Repair Laws; and (ii) a “Special Record Audit” as outlined below. If there are deficiencies in the first Inspection and/or Audit are minor, DBR may exercise discretion to allow the Respondents to correct deficiencies and pass a subsequent inspection/audit.
- G. With notice and opportunity to respond to the Respondents, DBR may stay the decision on a request to lift the Administrative Suspension if it receives any subsequent substantiated complaints filed against the Respondents or if any other material changes or developments in the matter so warrant.

11. **Special Record Audits and Penalties for Violations.** DBR has regulatory authority to conduct random inspections and audits of records of its licensees. In addition to that general authority, which remains in full effect, the parties agree to the following provisions for Special Record Audits.

- A. These provisions apply to the first Special Record Audit required as a condition for lifting the Administrative Suspension and continuing for a period of one year from the

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<sup>4</sup> In reviewing the criminal background information to be submitted, DBR follows the Fair Chance Licensing Act. See § R.I. Gen. Laws 28-5.1-14 (regarding the process and criteria for determining whether criminal record information may be grounds for an adverse licensing action).

<sup>5</sup> See Salvage Yard Rule 5.5(A)(3) and Body Repair Rule 2.4 (B)(4).

date the Administrative Suspension is lifted.

- B. Upon three (3) days' notice from DBR, the Respondents shall prepare and either scan or photocopy (at the Respondents' own time and cost) up to any ten (10) files requested by DBR within the search parameters requested by DBR.

12. **Automatic License Expiration.** The Body Repair License expires on December 12, 2021 and the Salvage Yard License expires on June 30, 2024. If the conditions for lifting the Administrative Suspension have not been satisfied by the date of expiration, then the Licenses shall expire automatically; and no further action shall be required. The Respondents acknowledges that if this occurs, it is unlawful to operate under an expired DBR-issued license.

13. **Transfer of License.** The Licenses shall only be eligible for transfer pursuant to the normal transfer procedure and only after completion of the Administrative Suspension Conditions.

14. **General Compliance and Oversight Responsibility.**

A. The Respondents acknowledge that they are subject to ongoing compliance with and subject to enforcement action under all the applicable Body Repair and Salvage Yard Laws, including without limitation:

- i. R.I. Gen. Laws § 5-38-10(1), (7)(For Body Repair License, cause of action “on proof of unfitness of the applicant to do business as an automobile body repair shop” and for “having indulged in any unconscionable practice relating to the business as an automobile body repair shop”);
- ii. R.I. Gen. Laws § 42-14.2-9(1) (for Salvage Yard License, cause of action for “proof of unfitness of the applicant or licensee to engage in this business;
- iii. Salvage Yard Rule 5.6(2) (cause of action for “engaging in any conduct while engaged in the operation of an Auto Wrecking and Salvage Yard that demonstrates bad faith, dishonesty, untrustworthiness, or incompetency.”)

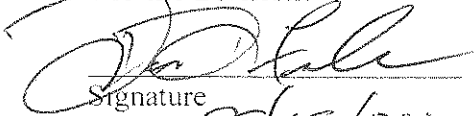
B. The Respondents acknowledge that they must exercise diligence over the activities of the owners, managers, employees, and agents with respect to the operation of the business and activities on the Licensed Premises and related to the License. Specially, failure to do so may result in enforcement actions under the following provisions:

- i. R.I. Gen. Laws § 5-38-1 (for Body Repair License, “Each licensee shall be responsible for the acts of any salespersons or any drive-away tow-away operator acting as the agent for that licensee, and for the acts of any salesperson, estimator, or other employee acting as the agent for that licensee.”
- ii. Salvage Yard Rule Section 5.6(A)(6)(disciplinary action for “failing to supervise employee”)

15. **Duty to Update and Correct Information**

- A. The Respondents acknowledge that DBR licensees have an inherent and serious responsibility to keep records filed with DBR accurate and updated. See Auto Body Rule 2.16.
- B. The Respondents agree to provide written notice to the DBR within ten (10) days of any changes to the submitted criminal history reports.
16. Delivery of Documents and Notices. Unless otherwise designated by the authorized parties, the notices and communications reference in this section should be delivered as follows: (a) for the Respondents, by e-mail to Respondents' attorney, Kevin Salvaggio at [ks6@cox.net](mailto:ks6@cox.net); (b) for DBR, by e-mail to the Chief Public Protection Inspector, John Mancone at [john.mancone@dbr.ri.gov](mailto:john.mancone@dbr.ri.gov).
17. Waiver of Hearing and Appeal. By agreeing to resolve this matter through the execution of this Consent Agreement, Respondents knowingly and voluntarily waives any right to an administrative hearing and waives any right to pursue an appeal to the Superior Court under the Rhode Island Administrative Procedures Act, R.I. Gen. Laws § 42-35-1 *et seq.*
18. Enforcement. If the Respondents fails to comply with any term or condition of this Consent Agreement within any applicable time period set forth herein, the Respondents will be in violation hereunder and the Department may take immediate and/or heightened enforcement or other action in accordance with applicable law.
19. Compliance: Other Laws. Compliance with the terms of this Consent Agreement does not relieve the Respondents of any obligation to comply with other applicable laws or regulations administered by or through the Department or any other governmental agency.

**For the Division:**



Signature

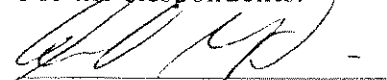
Date: 8/19/2021

Donald Defedele

Associate Director

Department of Business Regulation

**For the Respondents:**



Signature

Date: 8/19/2021

Elias Ayoub

Owner/Operator

Douglas Avenue, LLC

D'Agostino's Auto Sales & Salvage, Inc.

Warwick, RI

*\*Represented by Attorney Kevin Salvaggio*